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No. 07-1516

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IN THE

Supreme Court of the United States

MARY J. BLIGE, *et al.*,

Petitioners,

v.

SHARICE DAVIS,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

BRIEF IN OPPOSITION

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QUESTIONS PRESENTED

1. Whether petitioners have demonstrated any compelling reason for this Court to decide an issue of first impression for any circuit court.

2. Whether petitioners have demonstrated any compelling reason for this Court to decide an issue which, contrary to petitioners' unsustainable suggestion, does not implicate any statutory rights, but rather, clarifies the rights of copyright co-owners, an area that has always been the province of courts by virtue of the Copyright Act's silence upon the issue and express Congressional authority leaving this area to the common law.

3. Whether petitioners have demonstrated any compelling reason to review the Second Circuit's decision that prevented petitioners' underhanded contrivance — an 11th-hour, end-of-discovery, no-consideration, retroactive transfer of disputed songs by a non-litigating co-owner to petitioners — from non-suiting respondent, who had spent years pursuing her rights to songs that a disinterested college professor had witnessed her compose and that later appeared on a platinum-selling 2001 album by petitioner Mary J. Blige, the step-daughter of respondent's co-author.

4. Whether a single copyright co-owner should be permitted to transfer co-owned property, unilaterally and retroactively, to defendants to a pending infringement suit brought by another copyright co-owner, in order to defeat such a suit.

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COUNTER STATEMENT OF THE CASE

Petitioners' application for a writ of *certiorari* would have this Court decide what, as the Second Circuit observed, was a question "of first impression in the courts of appeals," A.2, with only a handful of prior district court decisions on the issue. A.22-23, 50-54. That question is "whether an action for infringement by one co-author of a song can be defeated by a 'retroactive' transfer of copyright ownership from another co-author to an alleged infringer." A.2. The answer given by the Second Circuit is that while one copyright co-owner is free to settle his own infringement claims howsoever he may choose, A.28, permitting him simultaneously to release an infringement claim belonging to his non-consenting co-owner would perversely incentivize infringement, A.33-34, frustrate the goals of predictability and certainty of copyright ownership, A.30-33, retroactively extinguish another's vested infringement claim, A.26-27, and fly in the face of well-established and well-regarded principles of copyright law, A.16-18, 26, property law, A.24-25, contract law, A.27, tort law, A.26-27 and patent law. A.28-29.

Petitioners have not so much as suggested the existence of a circuit split or any other meaningful split of authority, nor have they invoked any of the other considerations governing review on *certiorari* under Rule 10 of this Court's rules. Instead, their argument hinges on a tortured effort to reframe the question from one concerning the rights of copyright co-owners under 17 U.S.C. § 201(a) to one concerning the free alienability of copyright under 17 U.S.C. § 201(d)(1), which provision, as petitioners are forced to concede, the Second Circuit

did not (with good reason) so much as mention in its decision. Pet. 10. Petitioners proceed in this way in the hopes of suggesting, perhaps, that the Second Circuit "has so far departed from the accepted and usual course of judicial proceedings . . . as to call for an exercise of this Court's supervisory power." Sup. Ct. Rules, Rule 10(a). But their effort fails. They begin with the false premise that the right to alienate copyright interests is "unfettered," Pet. 3, and so conclude that any restriction whatsoever on such a right is an unprecedented, "radical judicial reconfiguration[] of the rights of copyright owners" that "should be undertaken, if at all, by Congress." Pet. 4. The argument, of course, ignores the plain fact that Congress both implicitly and expressly left the delineation of the rights of joint copyright owners to the courts and, more specifically, that the right of a single copyright co-owner to grant non-exclusive licenses in a copyrighted work in the *pre-infringement* context without needing the consent of a co-owner is a *court-made doctrine*, not a statutory commandment. Thus, the Second Circuit, in wisely clarifying that that doctrine is limited to the pre-infringement context — where it serves the laudable goal of preventing a single copyright co-owner from holding up the dissemination of copyrighted works — and not extending it to the post-infringement context — where it would only have served to reward and encourage infringement, while punishing diligent copyright co-owners for bothering to pursue their rights — did precisely what Congress expected the courts to do: refine the rights of copyright co-owners with a view to serving the purposes of the Copyright Act.

Petitioners also attempt to concoct a parade of horribles that, they allege, would follow were the Second Circuit's holding in this case to be left undisturbed. In fact, all of the consequences they envision rest on selective disregard of one or another of the restrictions on the scope of the Second Circuit's decision, whether it be that the decision is limited to the *post*-infringement context or that it is limited to the rights of copyright *co-owners*. While the unrestrained legal imagination, with sufficient effort, can undoubtedly elaborate some unappealing scenario that could conceivably arise if the decision is interpreted to apply in various as-yet-unanticipated contexts, this is precisely the danger of seeking this Court's review when there has been, as yet, only one circuit court decision on this issue of first impression. There is ample time for the collective wisdom of the federal judiciary to interpret and clarify the Second Circuit's holding as other cases with similar or distinguishable circumstances make their way up through the courts. Certainly, there is no need for this Court to overturn this appellate court decision — which is one that even petitioners do not suggest is an unfair response to the particular facts of this case — and step in with a definitive pronouncement upon an abstract issue at this germinal stage in the process of the developments in the law in this area. For these reasons, as described further below, the petition for a writ of *certiorari* should be denied.

COUNTER STATEMENT OF FACTS

It is telling that petitioners, in seeking *certiorari*, significantly distort the factual record that is clearly presented in the opinions of both the district and circuit courts. The actual facts pertinent to the issues here presented are as follows.[1]

In 1998, respondent Sharice Davis co-wrote two songs with non-party Bruce Chambliss, the father of defendant Bruce Miller and stepfather of defendant and hip-hop artist Mary J. Blige. A.5. The composition of one of the songs was eye-witnessed by a Hunter College professor, in whose home the songs were written. *Id.* After Ms. Davis performed one of the two songs for Ms. Blige, defendant Bruce Miller, Blige's stepbrother, approached Ms. Davis on Ms. Blige's behalf in an attempt to buy several of Davis's songs, but Davis, an aspiring songwriter in her own right, refused to sell the songs. A.5.

In 2001 Mary J. Blige released an album entitled *No More Drama*. A.4. Two of the songs appearing on that album infringed upon Davis's compositions, with one being virtually identical to the song the writing of which was witnessed by the Hunter College professor. A.4-5. The two songs were credited to, *inter alia*, defendant Bruce Miller. A.5-6. Ms. Davis brought suit to pursue her rights in the songs. A.6.

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1. As the decision petitioners seek this Court to review was the disposition of petitioners' summary judgment motion, all disputed facts are assumed in respondent's favor, just as they were by the courts below.

Petitioners' answers to Ms. Davis's complaint alleged that the songs at issue were independently created by Mr. Miller. A.6. However, Messrs. Miller and Chambliss both admitted during their depositions that Mr. Miller did not, in fact, write the songs. A.6. They contended that Mr. Chambliss wrote them by himself. A.6. In fact, several notebooks contained pages with verses to the songs written both in Mr. Chambliss's and Ms. Davis's handwriting, a fact Mr. Chambliss admitted, but implausibly dismissed as showing places where Davis had added "unauthorized" verses. A.6-7.

Messrs. Miller and Chambliss also testified that they had orally agreed between themselves that Mr. Miller could use Mr. Chambliss's songs. A.7. However, as both the district court and the circuit court found, Messrs. Miller and Chambliss gave inconsistent and sometimes self-contradictory testimony about virtually every aspect of any such oral agreement, including what its purpose may have been, where and when it may have been concluded and what songs it may have covered. A.7-9, 48-49. For these reasons — and contrary to petitioners' misleading suggestions that there was an oral agreement, or that the subsequent written agreements (discussed below) formalized such a prior oral agreement, Pet. 4-5 — no oral agreement may be deemed to exist for purposes of summary judgment. *See also* A.49 ("I conclude a reasonable jury could find an oral agreement never existed between Chambliss and Miller").

Days before filing their motion for summary judgment at the conclusion of discovery, petitioners produced to Ms. Davis two one-page documents

purporting to be retroactive transfers executed by Bruce Chambliss to convey each of the two songs at issue in this case to Bruce Miller for no consideration. A.8-10. The documents were dated June 23, 2004, approximately a month-and-a-half earlier, although Mr. Chambliss's equivocal testimony strongly suggests that they were actually back-dated. *Id.* These "retroactive" agreements were the sole basis for the district court's granting of petitioners' motion for summary judgment. A.49. Failing entirely to consider the distinction between a prospective agreement and a release, the district court woodenly applied the doctrine that "one joint owner may always transfer his interest in the work to a third party." A.52. Following this reasoning, the district court reached what even it described as a "draconian outcome." *Id.*

This is the decision that the Second Circuit overturned in its October 5, 2007 opinion. Specifically the Second Circuit held:

> An owner who wishes to release unilaterally his own accrued claims may do so using whatever language he chooses -- including by calling the negotiated settlement the proverbial 'banana' — but such an agreement cannot have the effect of eviscerating a co-owner's claims based on past copyright infringement, nor can it settle accrued claims held by co-owners who are not themselves parties to the agreement.

A.28. Petitioners then moved for rehearing, or, in the alternative, for rehearing *en banc*. A.59. The Second Circuit denied these motions on March 4, 2008. *Id.*

REASONS FOR DENYING THE PETITION

Petitioners seek this Court's intervention upon this matter of first impression at the circuit court level by suggesting that the Second Circuit's decision in this case usurped the role of Congress and ran afoul of the policies behind the Copyright Act. This is simply false. As demonstrated below, Congress invited courts to delineate the rights of co-authors, and courts have been doing exactly that for over 135 years. As an installment in that long tradition, the Second Circuit's decision has the virtue of being perfectly consistent with (i) the purpose behind the doctrine permitting one co-author to transfer co-authored work to third parties in the pre-infringement context; (ii) the general purposes behind copyright law in discouraging infringement and enhancing predictability of copyright ownership; and (iii) well-established principles from other bodies of law, including tort law, contract law, property law and patent law. For these reasons — and because petitioners have entirely failed to supply anything resembling one of the bases specified in Rule 10 of this Court's rules for granting *certiorari* — the petition should be denied.

I. Petitioners Have Failed to Articulate Any Reason for Granting Certiorari in this Case.

Petitioners urge that *certiorari* should be granted here because the Second Circuit usurped the role of Congress in ruling on an issue that is the subject of explicit statutory authority. Petitioners' argument, however, is specious. The Second Circuit's decision falls squarely in an area that has long been the subject of Congressionally sanctioned judicial elaboration and, what is more, does not represent any significant departure from past decisions in that area.

A. The Copyright Act Leaves It to the Courts to Determine the Rights of Copyright Co-Owners.

As the Second Circuit observes, "the Copyright Act itself is silent on the issue of retroactive transfer or license." A.13-14. As the Second Circuit also observes, the rights of copyright co-owners are not delineated in the Copyright Act. Rather, the only provision that addresses joint ownership of copyrights, 17 U.S.C. § 201(a), states only, without elaboration, that "[t]he authors of a joint work are co-owners of copyright in the work." A.14. Moreover, the official legislative history that addresses 17 U.S.C. § 201(a) specifically directs courts to rely on judge-made law on the subject of tenants in common in filling in the blanks left by the statutory language: "There is . . . no need for a specific statutory provision concerning the rights and duties of the coowners of a work; court-made law on this point is left undisturbed. Under the bill, as under the present law, coowners of a copyright would be treated generally as tenants in common . . . ." H.R. Rep. No. 94-1476, at 121 (1976); *see also* 1 MELVILLE B. NIMMER, ET AL., NIMMER ON COPYRIGHT § 6.09 (2000) ("In determining the rights and duties of joint owners of copyright, the courts analogize to applicable rules relating to joint ownership of real property. In so doing, the relationship between such joint owners is said to be that of a tenancy-in-common"); *Thomson v. Larson*, 147 F.3d 195, 199 (2d Cir. 1998) ("Joint authors co-owning copyright in a work are deemed to be tenants in common"); *Sybersound Records, Inc. v. UAV Corp.*, 517 F.3d 1137, 1145 (9th Cir. 2008) (Copyright "co-owners are like tenants in common, each owning a share of the undivided whole"). This is a point that even petitioners are obliged to concede. Pet. 9.

Given Congress's very clear and explicit statement that "there is . . . no need for a specific statutory provision concerning the rights and duties of [copyright] coowners," and that "court-made law on this point is left undisturbed," H.R. Rep. No. 94-1476 at 121, petitioners' suggestion that the Second Circuit, in issuing a ruling concerning the rights of copyright co-owners, somehow usurped the function of Congress is simply outlandish. Rather, as one *Harvard Law Review* article put it, "[t]he concepts of co-ownership of statutory copyright — the ownership by two or more persons of undivided portions of the rights granted by the Copyright Act — have been developed in America *wholly without the aid of Congress*." *Accountability Among Co-Owners of Statutory Copyright*, 72 Harv. L. Rev. 1550, 1550 (1959) (emphasis added). In issuing a decision defining the rights of copyright co-owners, in other words, the Second Circuit did precisely what Congress intended for it to do.

Nor did the Second Circuit's decision go against the weight of judicial authority, since, prior to its decision, there was only a handful of district court decisions on the issue, some arriving at the same conclusion as the Second Circuit's decision, *see, e.g.*, *Encore Entertainment, LLC v. Kiddesigns, Inc.*, No. 3:03 1129, 2005 WL 2249897, at *10 (M.D. Tenn. Sept. 14, 2005); *Leicester v. Warner Bros.*, No. CV95-4058, 1998 WL 34016724, at **5-6 (C.D. Cal. May 29, 1998); *David v. Showtime/The Movie Channel, Inc.*, 697 F. Supp. 752, 763-64 (S.D.N.Y. 1988), and others — none of them containing anything in the way of actual reasoning regarding the similarities or differences between ordinary and "retroactive" licensing — decided the

other way. *See, e.g., Country Road v. MP3.com, Inc.*, 279 F. Supp. 2d 325, 329 (S.D.N.Y. 2003); *Lone Wolf McQuade Assocs. v. CBS, Inc.*, 961 F. Supp. 587, 597 (S.D.N.Y. 1997); *Silberstein v. Fox Entertainment Group, Inc.*, 424 F. Supp. 2d 616, 629 (S.D.N.Y. 2004); *Johnson v. Tuff-n-Rumble Management, Inc.*, No. Civ.A. 99-1374, 2000 WL 1808486, at *1 (E.D. La. Dec. 8, 2000). Thus, the Second Circuit decision was issued in an environment of Congressional silence, with only a bare minimum of divided district court decisions as precedent.

B. Section 201(d)(1) of the Copyright Act Has Nothing to Do with this Dispute.

Petitioners seek to confuse the issue by suggesting that section 201(d)(1) of the Copyright Act, which, tellingly, neither the district court nor the circuit court decision so much as mentioned, is somehow implicated in this case. Section 201(d)(1) states, simply, in relevant part, that "[t]he ownership of a copyright may be transferred in whole or in part by any means of conveyance or by operation of law." 17 U.S.C. § 201(d)(1). That section permits one to transfer what one owns; it in no way sanctions the transfer of *more* than one owns. *See, e.g., Filmvideo Releasing Corp. v. Hastings*, 668 F.2d 91, 93 (2d Cir. 1981) ("the proprietor of a derivative copyright cannot convey away that which he does not own"). In fact, the latter category of transfer is better known as an infringement, since one who violates an exclusive right of a copyright holder under section 106 of the Copyright Act, such as the right to make transfers, *see* 17 U.S.C. § 106(3), is an infringer under section 501(a) of the Copyright Act. *See also* A.31-32 at

n.13. No surprise, then, that what petitioners refer to as the "free and unfettered alienability of copyright interests," Pet. 3, is, in fact, restricted and fettered in numerous ways where, as here, the rights of third parties are implicated.[2] *See, e.g.*, *Maurel v. Smith*, 271 F. 211, 216 (2d Cir. 1921) ("Where two or more persons have a common interest in a property, equity will not allow one to appropriate it exclusively to himself, or to impair its worth as to others"); *Sybersound Records, Inc. v. UAV Corp.*, 517 F.3d 1137, 1146 (9th Cir. 2008) ("unless all the other co-owners joined in granting an exclusive right to Sybersound, TVT, acting solely as a co-owner of the copyright, could grant only a nonexclusive license to Sybersound, because TVT may not limit the other co-owners' independent rights to exploit the copyright"); 1 NIMMER § 6.11 (noting prohibition on one co-owner granting an exclusive license without consent of other co-owners); 1 NIMMER § 6.10[A] (noting that "one joint owner may not unilaterally license a joint work in such manner as to cause the destruction of the work" and that "[s]ome courts have taken the view that a license that permits such extensive use of a copyrighted work as to greatly diminish its value in effect results in a destruction of the work"); *Crosney v. Edward Small Productions*, 52 F. Supp. 559, 561 (S.D.N.Y. 1942) ("One [co-owner of a copyright] cannot bind the interest of another, although he purports to do so, in the absence of assent or ratification upon her part" (internal quotation marks omitted)). Thus, the Second Circuit's

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2. In fact, even where one owns what one wishes to transfer, provisions such as section 204(a) of the Copyright Act restrict the manner in which such a transfer may be effected, *viz.*, in writing. *See* 17 U.S.C. § 204(a).

holding that one copyright co-owner cannot destroy a co-owner's vested infringement claim is entirely consistent with section 201(d)(1).

The right to transfer copyright ownership has, in other words, always been free and unfettered only to the extent that one owns what one desires to transfer and does not trod upon the competing rights of third parties. As such, contrary to petitioners' suggestion, nothing about the Second Circuit's decision implicated any rights guaranteed by section 201(d)(1).

C. The Right of One Co-Owner to Transfer Copyrighted Works Without the Consent of a Co-Owner in the Pre-Infringement Context Is a Judicially Created Doctrine, the Rationale for Which Does Not Apply Post-Infringement.

In addition to the fact that there is no explicit statutory authority bearing upon the area covered by the Second Circuit's decision, it is important to note that the doctrine permitting pre-infringement licensing of a copyrighted work by one co-owner without the other's consent was, from the very beginning, a judicially made rule, first announced in 1874 by the Supreme Court of Maine in the case of *Carter v. Bailey*, 64 Me. 458, 1874 WL 3843 (Me. 1874). The concern animating the decision was that, in the absence of such a rule, a single copyright co-owner, "by withholding his consent [to a license], might practically destroy the value of the whole use" of the work by preventing its exploitation. *Id.* at *4; *see also Accountability Among Co-Owners of Statutory Copyright*, 72 Harv. L. Rev. at 1557 (explaining that concern underlying rule permitting copyright co-owners

to license joint works without consent of other co-owners was "encouraging publication of existing artistic works"). This concern is entirely consistent with the Constitutional mandate to promote the progress of science and useful arts. *See* U.S. CONST. art. 1, § 8.

But when, as in this case, an act of infringement has already taken place, the goal of promoting the progress of science through encouraging publication and exploitation of copyrighted works is no longer advanced by permitting a single copyright co-owner to license the work without receiving his co-owner's consent; the work has already been published and exploited, indeed, exploited all too freely. The Constitutional mandate, in such circumstances, is advanced not by permitting free alienability of copyright but by discouraging infringement, which is precisely what the Second Circuit's decision did, as discussed more fully below. In any event, it is abundantly clear that petitioners' attempt to characterize the Second Circuit's decision as a usurpation of Congress's authority or a departure from long-standing policy is untenable. Petitioners have failed to articulate any basis for invoking this Court's appellate review.

II. The Second Circuit's Decision Is Supported by the Common Law, Patent Law and Sound Policy Considerations.

As petitioners concede, Pet. 12-15, the Second Circuit's decision in this case is grounded in numerous bodies of common law, as well as in patent law, and supported by policy considerations specific to copyright law. Petitioners' attempt to distinguish or dismiss these solid foundations for the decision of the court below is unavailing.

A. The Second Circuit Was Justified in Looking to the Common Law and Patent Law to Support Its Decision.

Petitioners contend that the Second Circuit was wrong to look to the common law and, specifically, to the law of tenants in common — who cannot release the claims of their co-tenants, A.24-25 — to find support for its holding in this case. They assert that "[t]he intangible right of copyright ownership is distinct from real or personal property rights, and is entirely a creature of federal statute."[3] Pet. 12. The glaring flaw in that argument is that the very statutory scheme to which petitioners refer *directed* courts to look to the common law, and particularly the law of tenants in common, to adjudicate the rights of copyright co-owners. *See* Section 1.A. *supra*. Thus, the suggestion that the Second Circuit erred in so doing is a non-starter.

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3. Petitioners make a similar argument regarding the Second Circuit's reliance on contract law, Pet. 12, although they have nothing to say about tort law, on which the Second Circuit also relied. A.26-27. In any event, all these bodies of law were appropriate for the Second Circuit to consider and find guidance in for the simple reason described below.

As for patent law, it is, as the Second Circuit observed, "appropriate to look for guidance" to this body of law where, as here, "precedent in copyright cases is lacking." *Harris v. Emus Records Corp.*, 734 F.2d 1329, 1333 (9th Cir. 1984); *Sony Corp. of Am. v. Universal City Studios*, 464 U.S. 417, 439, 104 S. Ct. 774 (1984). Petitioners suggest that there are pertinent distinctions between copyright law and patent law, and there are distinctions, to be sure. Nor would respondent suggest that patent law offers anything more than a source of guidance and time-tested judicial wisdom regarding the issue at hand. Having said as much, however, it must also be made clear that the distinctions are nowhere near as great as petitioners would have it. Thus, although patent infringement suits, unlike copyright infringement suits, normally require joinder of all patent co-holders, where the patent co-holders have an agreement in place permitting each to bring suit without joining the other (thereby deviating from the default rule), where one of two patent co-holders licenses the patent, the license can only sanction *future* acts of infringement; it *cannot* work retroactively to cure past infringement. *See Schering Corp. v. Roussel-UCLAF SA*, 104 F.3d 341, 345 (Fed. Cir. 1997) ("the grant of a license by one co-owner cannot deprive the other co-owner of the right to sue for accrued damages for past infringement. That would require a release, not a license, and the rights of a patent co-owner, absent agreement to the contrary, do not extend to granting a release that would defeat an action by other co-owners to recover damages for past infringement"); *see also* A.29. Moreover, although joint holders of patents, unlike joint holders of copyrights, have no duty to account to one another for their exploitation of patented inventions,

see 35 U.S.C. § 362 (2004), they are explicitly permitted to contract freely in order to change this rule, *see id.*, and, moreover, although copyright holders, in theory, have a duty to account, in practice, there will always be cases such as the one at bar, where the co-author may be insolvent or may have received an under-the-table payoff, resulting in no duty to account in the real world. Thus, there will be patent cases that are structurally identical to this copyright case. Patent law is, therefore, sufficiently analogous to copyright law to offer support for the Second Circuit's decision.

B. Policy Considerations Support the Second Circuit's Holding.

As the Second Circuit found, permitting the kinds of retroactive transfers that petitioners attempted to perpetrate in this case would undermine the Copyright Act goals of (i) increasing predictability and certainty, and (ii) discouraging infringement. *See* A.30. Petitioners have failed to demonstrate why these concerns are not valid ones, while the policy concerns that they articulate are simply specious.

Permitting retroactive transfers by one copyright co-owner without the other's consent would make litigation far more unpredictable than it inherently is: a plaintiff who had invested time and money in litigating to pursue an infringer could be left, on the eve of trial, without a claim due to a defendant's under-the-table deal to secure a release from another, potentially insolvent, copyright co-owner who has not invested in litigation and might, therefore, be willing to accept a payoff for far less than the value of the given work. *See*

A.33-34. More broadly, as the Second Circuit observed, "one could never reliably and definitively determine if and when an infringement occurred, because an infringement could be 'undone' by the very sort of maneuver attempted by [petitioners] in this case." A.30. Even more broadly,

> one could never know who the pool of authorized users or licensors of a copyright would be at any given time, because a retroactive transfer could always turn an infringer into a potential user or licensor, who would then have the ability to grant his own retroactive licenses or retransfer his new (retroactive) interest retroactively.[4]

A.31.

In addition, instead of punishing infringers for their acts of infringement, a regime where retroactive transfers by a single copyright co-author were permitted would actually reward infringers. In a pre-infringement scenario, despite the fact that licenses from a single copyright co-owner could be technically sufficient to license a work non-exclusively, most would-be-licensees actually get licenses from *all* copyright co-holders. *See* Henry L. Self III, *Settlement of Infringement Claims by Copyright Co-Owners*, 13 Tex.

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4. This is a problem that, of course, might also arise even where *all* co-owners have consented to a retroactive transfer, but the likelihood of unpredictability and mischief, as the present case illustrates, is far greater where a single co-owner's unilateral act is sufficient to effect a retroactive transfer.

Intell. Prop. L.J. 65, 74-75, 78 (2004). This is both because most licensees are eager to insulate themselves from even the possibility of litigation that can result from an undisclosed agreement among the co-authors requiring consent of all for licensing and because many works are exploited worldwide and not just domestically, with most foreign intellectual property regimes requiring consent of all co-owners to license or assign a work. *See id.* After infringement, however, if unilateral releases are permitted, the infringer, rather than negotiating with a dogged plaintiff, would have every incentive to identify the single least financially stable copyright co-owner and make a below-market, under-the-table payoff to such a co-owner in exchange for a release, so that the co-owner would seemingly have nothing to account for later on. As the Second Circuit found, "[t]his economic incentive to infringe runs directly counter to the intent of Congress in passing 17 U.S.C. § 504 — namely to 'compensate the copyright owner for losses from the infringement, and . . . to prevent the infringer from unfairly benefiting from a wrongful act.'" A.34 (citation omitted).

Petitioners do not and cannot respond directly to any of these policy reasons supporting the decision below but, instead, counter that "[m]any mass media concerns, including the music and motion picture industries, depend on securing licenses and assignments from copyright owners." Pet. 14. Petitioners contend that, as a result of the Second Circuit's decision in this case, "an assignment from an undisputed copyright owner provides no assurance that a known or unknown co-owner will not surface to sue for infringement within

the three-year statute of limitations." *Id.* This argument simply fails to take account of the fact that the Second Circuit's holding only applies to *post-infringement* transfers (and only where there are co-owners involved); it is their post-infringement status that makes such transfers retroactive. *See* A.28 (explaining that a license or assignment executed with only one of multiple copyright co-owners "can only act prospectively"). Thus, the Second Circuit's holding in no way impairs the viability of the general pre-infringement rule: a license from a single copyright co-owner is generally sufficient to provide a defense against a claim by another co-owner against the licensee. *See* A.20 (citing, with approval, *McKay v. Columbia Broad. Sys. Inc.*, 324 F.2d 762, 763 (2d Cir. 1963), for the proposition that "a license from a co-holder of a copyright immunizes the licensee from liability to the other co-holder for copyright infringement"). Accordingly, any media concern that negotiates a license with a single copyright co-owner *pre-infringement* is generally immunized from suit by another co-owner, whether disclosed or not.

For this reason, the only situation where petitioners' suggested problem could conceivably arise is *after* infringement has already occurred. To begin with, petitioners surely cannot mean to suggest that media concerns "depend on securing licenses and assignments from copyright owners," Pet. 14, *after those media concerns have already infringed.* If this is a regular practice, it should, by all means, be discouraged. Forcing infringers to negotiate with all co-owners to get a complete release of liability makes perfect sense: it imposes a higher burden on infringers than it does on

ordinary would-be-licensees.[5] The only real issue, then, becomes that of the undisclosed co-owner in a post-infringement scenario. It would, indeed, seem unfair for an infringer-defendant to have negotiated in good faith with every known copyright co-owner and settled their claims only to be faced with a claim by another co-owner emerging out of the woodwork. There are at least two ways to address this concern, neither necessitating this Court's review of the Second Circuit's decision. The first is practical: defendants could (and, of course, already do) secure warranties from settling copyright plaintiffs that those plaintiffs own all rights to the works at issue, and that plaintiffs will indemnify defendants for all costs arising out of subsequent litigation by undisclosed copyright co-owners.[6] The second solution is to wait for the right case to come along, where a court could qualify the Second Circuit's holding and find that the usual pre-

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5. And, in fact, as described above, even ordinary licensees normally strive to secure licenses from *all* copyright co-owners, though U.S. law does not require them to do so, so that infringers — who, otherwise, have no incentive to negotiate with all copyright co-owners — would actually be getting a better deal than licensees if they were not forced to secure the agreement of every copyright co-owner.

6. While imposing an obligation on copyright co-owners to negotiate co-owner agreements in order to avoid the kind of unilateral, retroactive licensing at issue here would be onerous due to the likely lack of legal sophistication and representation of most producers of copyrighted works, *i.e.*, artists, authors, musicians, etc., imposing an obligation on copyright claim defendants to incorporate warranty and indemnification clauses in their settlement agreements poses no such problems, as these are generally sophisticated entities and are, in any event, already represented by counsel in the process of negotiating settlement agreements.

infringement rule concerning licensing by one of multiple copyright co-owners might apply in the case of undisclosed co-owners: such co-owners would only have a claim for an accounting available to them. This result may make some measure of sense because some significant proportion of these undisclosed parties either deliberately chose to avoid disclosing themselves for tactical reasons, or else were not diligent enough to monitor the use of their copyrighted works even to the point of sleeping through a lawsuit concerning those works. As such, speaking of a "vested" right of infringement for such co-owners may be assuming too much; treating these co-owners like ordinary pre-infringement co-owners may be perfectly appropriate. In any event, this is a rather arcane issue that does not cry out for an immediate resolution and certainly does not expose a glaring flaw in the Second Circuit's decision, as petitioners might have hoped.

Similarly, petitioners' concern that the Second Circuit's decision would fly in the face of the doctrines permitting a transfer of copyright to confer standing retroactively or to validate prior oral understandings, Pet. 16, is unfounded. The Second Circuit's decision would not deprive a *sole* copyright owner, or, for that matter, *all* the owners of a jointly held copyright acting together, of the ability to retroactively do whatever they please, including conferring the right to sue for infringement upon a licensee. It is only when a single co-owner aims to speak, retroactively, for all that a problem arises. *See* A.28 ("An owner who wishes to release unilaterally his own accrued claims may do so using whatever language he chooses — including by calling the negotiated settlement the proverbial

'banana' — but such an agreement cannot have the effect of eviscerating a co-owner's claims based on past copyright infringement, nor can it settle accrued claims held by co-owners who are not themselves parties to the agreement"). In order to have standing to sue, however, one must own that exclusive right, and, as described in Section I.A. above, the consent of all copyright owners was, even prior to the Second Circuit's decision in this case, necessary to confer an exclusive right. *See also Sybersound Records, Inc.*, 517 F.3d at 1145-46 (finding that a single copyright co-owner could not possibly confer standing to sue upon the would-be-plaintiff without the consent of the other co-owners "because [the licensing co-owner] may not limit the other co-owners' independent rights to exploit the copyright"). Thus, the Second Circuit's decision did not effect any change in this regard.

Nor did the decision foreclose the right to use a subsequent written ratification to validate a prior oral understanding transferring copyrighted works. A sole copyright owner may still ratify whatever he wishes to ratify, and even one of several copyright co-owners may ratify a prior oral understanding in writing, so long as the ratification is completed *prior to* infringement. This is perfectly sensible and consistent both with the general aims of enhancing predictability and discouraging infringement and prior caselaw, which has expressed suspicion of written transfers that come long after an alleged prior oral agreement. *See, e.g., Konigsberg Int'l Inc. v. Rice*, 16 F.3d 355, 357 (9th Cir. 1994) (holding that writing executed a year-and-a-half after alleged oral agreement and six months after initiation of litigation could not serve to ratify prior oral agreement for

purposes of satisfying "in writing" requirement); *Fleming v. Miles*, 181 F. Supp. 2d 1143, 1158 (D. Ore. 2001) (finding writing executed almost three years after alleged oral agreement and after almost a year of litigation not to ratify oral agreement for purposes of satisfying "in writing" requirement). Thus, petitioners may rest easy knowing that writings will continue to validate prior oral copyright transfers; after there has been infringement, however, the consent of *all* copyright co-owners will be necessary in order to prevent such subsequent "ratifications" from serving as contrivances to avoid copyright liability.

CONCLUSION

Petitioners have failed to show any reason why this Court should grant *certiorari* to review the Second Circuit's decision in a case of first impression for any circuit court. Contrary to petitioners' unsupported assertions, the decision of the Court of Appeals in this case did not usurp the prerogatives of Congress or run afoul of any statutory right but, rather, took up a legislative invitation to continue a long-standing practice of judicial elaboration of the rights of copyright co-owners. Moreover, the decision was well supported by relevant common law, patent law and, most importantly, fundamental, critical policies underlying the Copyright Act itself. The petition should be denied.

Respectfully submitted,

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